

The week that was

- Global markets remained focussed on COVID-19, both on the current cost and improving prospects of recovery in 2021. Market trading was curtailed by the US Thanksgiving Day holiday, but not before equity markets pushed on to new highs, while bond yields also increased.
- The US S&P500 rose 2.3% last week, to be up 11% for the month and the EuroStox600 is now up by a whopping 14% in November. Australian stocks rose 0.9%, with energy stocks (+6.3%) again leading the way. Commodity prices also rose with the price of Brent crude oil rising by 7.2%. The AUD/USD gained 1.2%.
- The TCorp yield curve steepened again, moving in line with Australian Government bond yields.

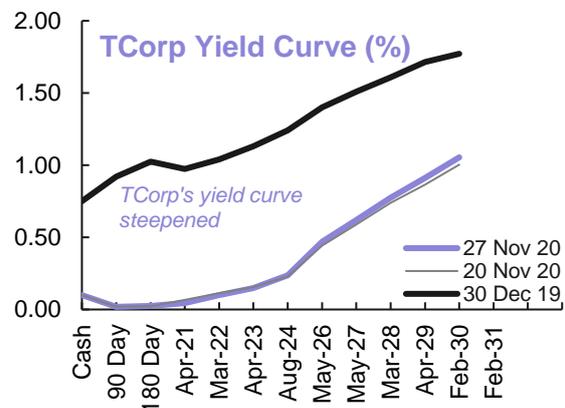
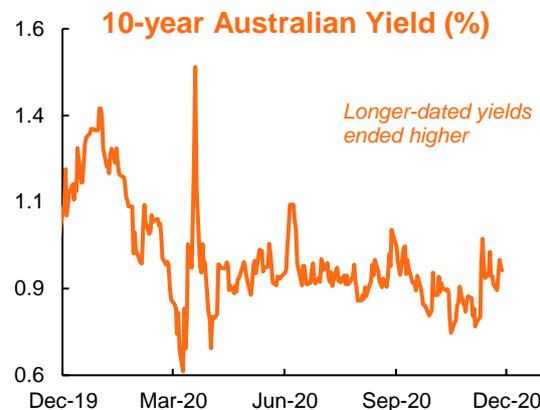
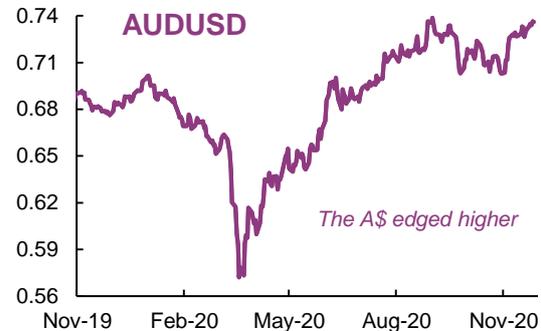
Economic calendar

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|--------------------------|---------------------------------------------------------------------|
| Monday 30/11 | AU: Company profits, Sep qtr EU: National CPIs, Nov |
| Tuesday 1/12 | AU: RBA monetary policy meeting US: ISM manufacturing index, Nov |
| Wednesday 2/12 | AU: GDP, Q3 US: Beige Book economic conditions |
| Thursday 3/12 | AU: Trade balance, Oct US: ISM Non-manufacturing index, Nov |
| Friday 4/12 | AU: Retail trade, Oct US: Non-farm payrolls, Nov |

The week ahead

- Christmas comes early for economy watchers, with a week stuffed full of key data releases and the final RBA monetary policy meeting for the year.
- The US economy seems to be losing the momentum that carried it through the September quarter. Economic reports on manufacturing, services, retailing, housing, trade and employment, as well as regional reports in the Beige Book, are expected to help make the case for the Federal Reserve to announce additional support at the next FOMC policy meeting on the 15 December.
- After a sharp recession in the first half of 2020, the Australian economy bounced back during the September quarter – notwithstanding the lockdown in Victoria. The Q3 GDP release will provide a detailed picture of how the recovery is progressing in the different parts of the economy.
- The RBA aggressively boosted monetary support for the economy at its November meeting. Additional measures are not expected to be announced this time. However, with the next meeting not until February, the RBA may provide additional guidance for the period ahead.

Financial markets charts



Financial markets data: Week ending 27 November 2020

| Interest Rates | Close (%) | 1 Week (bps) | | YTD (bps) | |
|-----------------------------------------|-----------|--------------|---|-----------|-----|
| RBA Cash Rate | 0.10 | 0 | – | -65 | ▼ |
| 90-day BBSW | 0.02 | 0 | ▼ | -90 | ▼ |
| 3-year Australian Bond Yield | 0.11 | 0 | ▼ | -79 | ▼ |
| 10-year Australian Bond Yield | 0.90 | 4 | ▲ | -47 | ▼ |
| 20-year Australian Bond Yield | 1.66 | 5 | ▲ | -21 | ▼ |
| 10-year Australian Break-Even Inflation | 1.51 | 9 | ▲ | 10 | ▲ |
| 10-year Australian Real Yield | -0.61 | -5 | ▼ | -57 | ▼ |
| Fed Funds Rate (lower bound) | 0.00 | 0 | – | -150 | ▼ |
| 2-year US Treasury Yield | 0.15 | 0 | ▼ | -142 | ▼ |
| 10-year US Treasury Yield | 0.84 | 1 | ▲ | -108 | ▼ |
| 30-year US Treasury Yield | 1.57 | 5 | ▲ | -82 | ▼ |
| 10-year German Bund Yield | -0.59 | -1 | ▼ | -40 | ▼ |
| NSW TCorp Bonds | Close (%) | 1 Week (bps) | | YTD (bps) | |
| 4.00% 8 April 2021 | 0.05 | -2 | ▼ | -95 | ▼ |
| 6.00% 1 March 2022 | 0.09 | -2 | ▼ | -97 | ▼ |
| 4.00% 20 April 2023 | 0.14 | -1 | ▼ | -102 | ▼ |
| 1.00% 8 February 2024 | 0.21 | 1 | ▲ | -107 | ▼ |
| 5.00% 20 August 2024 | 0.23 | 0 | ▲ | -105 | ▼ |
| 4.00% 20 May 2026 | 0.46 | 2 | ▲ | -99 | ▼ |
| 3.00% 20 May 2027 | 0.62 | 3 | ▲ | -95 | ▼ |
| 3.00% 20 March 2028 | 0.77 | 4 | ▲ | -89 | ▼ |
| 3.00% 20 April 2029 | 0.91 | 4 | ▲ | -87 | ▼ |
| 3.00% 20 February 2030 | 1.05 | 5 | ▲ | -79 | ▼ |
| 2.00% 20 March 2031 | 1.20 | 5 | ▲ | -76 | ▼ |
| 2.00% 20 March 2032 | 1.40 | 5 | ▲ | n/a | n/a |
| 2.00% 20 March 2033 | 1.52 | 5 | ▲ | -67 | ▼ |
| 2.75% 20 November 2025 CIB | -0.87 | -11 | ▼ | -96 | ▼ |
| 2.50% 20 November 2035 CIB | 0.13 | -11 | ▼ | n/a | n/a |
| 10-year NSW TCorp Bond Yield | 1.18 | 5 | ▲ | -66 | ▼ |
| 10-year TCV (Victoria) Spread | -0.01 | 0 | ▲ | 1 | ▲ |
| 10-year QTC (Queensland) Spread | -0.02 | 0 | ▲ | -5 | ▼ |
| Equities | Close | 1 Week | | YTD | |
| S&P/ASX 200 (Australia) | 6,601 | 0.9% | ▲ | -1.2% | ▼ |
| S&P 500 (US) | 3,638 | 2.3% | ▲ | 12.6% | ▲ |
| FTSE 100 (UK) | 6,368 | 0.3% | ▲ | -15.6% | ▼ |
| DJ Stoxx 600 (Europe) | 393 | 0.9% | ▲ | -5.4% | ▼ |
| Nikkei 225 (Japan) | 26,645 | 4.4% | ▲ | 12.6% | ▲ |
| Shanghai Composite (China) | 3,408 | 0.9% | ▲ | 11.7% | ▲ |
| Currencies | Close | 1 Week | | YTD | |
| AUD/USD | 0.739 | 1.2% | ▲ | 5.4% | ▲ |
| EUR/USD | 1.196 | 0.9% | ▲ | 6.7% | ▲ |
| USD/JPY | 104.09 | 0.2% | ▲ | -4.1% | ▼ |
| GBP/USD | 1.33 | 0.3% | ▲ | 1.0% | ▲ |
| US\$ Index | 91.79 | -0.7% | ▼ | -4.8% | ▼ |
| Commodities | Close | 1 Week | | YTD | |
| Brent Oil (US\$/bbl) | 48.18 | 7.2% | ▲ | -27.0% | ▼ |
| Iron Ore (US\$/t) | 124.40 | 0.2% | ▲ | 35.9% | ▲ |
| Coking Coal (US\$/t) | 1,450.50 | 10.7% | ▲ | 20.2% | ▲ |
| Gold (US\$/oz) | 1,787.79 | -4.4% | ▼ | 17.8% | ▲ |

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